

BILL # HB 2573

TITLE: ALTCS; county contributions

SPONSOR: Chase

STATUS: House Engrossed

PREPARED BY: Russell Frandsen

FISCAL ANALYSIS

Description

The bill would reduce the Arizona Long Term Care System (ALTCS) contributions of counties with per-capita expenditures above the state average.

Estimated Impact

The estimated General Fund impact is \$12,723,500 in FY 2007 and \$14,215,000 in FY 2008. These General Fund dollars would replace county funds and provide savings to counties with higher than average per-capita expenditures. In the initial years of HB 2573, these counties are projected to be Cochise, Gila, Mohave, Pima, Pinal, Santa Cruz, and Yavapai. General Fund costs are projected to increase in each subsequent fiscal year.

Analysis

Current Legislation

ALTCS expenditure growth is evenly distributed between the state and counties based on each county's utilization of ALTCS services. After these calculations are made, 3 existing statutory provisions are applied to provide \$13,673,300 relief to counties from the General Fund in FY 2007.

- (1) County contributions cannot exceed 90 cents per \$100 of net assessed property value. Seven counties will receive a total of \$5,349,700 relief under this provision. Those counties are Apache, Cochise, Gila, Graham, Pinal, Santa Cruz and Yuma. Relief under this provision ranges from \$10,600 in Santa Cruz to \$2,034,700 in Cochise.
- (2) Counties with an on-reservation population of at least 20% have contributions calculated under an alternate formula. Three counties, Apache, Coconino and Navajo, will receive a total of \$8,323,600 relief under this provision.
- (3) Counties cannot pay more under current provisions as compared to previous statutory percentages. In FY 2006, only Yavapai County qualified for aid under this provision, but no counties qualify in FY 2007.

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After the other 3 provisions to limit county contributions have been calculated, HB 2573 would provide a fourth relief provision to those counties with per-capita costs above the state average. County costs above the average state per-capita costs would be paid for by the state. The bill would have a General Fund cost of \$12,723,500.

The bill requires the use of population estimates from the Department of Economic Security (DES). For the FY 2007 figures, the most recent DES population figures published July 1, 2004 were used. For FY 2008 a population increase of 3.1% as based on average growth from 2002 to 2004 was assumed. FY 2008 total ALTCS costs were assumed to increase by 18.2% as based on average growth from FY 2005 to FY 2007. All figures are based upon the current FY 2007 budget as adopted by the House and Senate Appropriation Committees. The adopted budget reflects the JLBC Baseline estimate adjusted downward for a federal reduction in the state's Medicare Part D "Clawback" payment. The table below details the savings by county under HB 2573 compared to the Appropriations Committees' adopted budget for FY 2007:

FY 2007 Impact							
Appropriations Committees' Adopted Budget					HB 2573		
	ALTCS Subtotal	Tax Relief	Reservation Relief	ALTCS Payment	Per- Capita Costs	Per-Capita Relief	ALTCS Payment
Apache	\$ 5,378,600	\$(1,780,300)	\$(3,006,400)	\$ 591,900	\$ 8.30	\$ 0	\$ 591,900
Cochise	8,017,300	(2,034,700)	0	5,982,600	45.94	(377,000)	5,605,600
Coconino	3,515,300	0	(1,739,600)	1,775,700	13.70	0	1,775,700
Gila	3,613,200	(84,100)	0	3,529,100	65.28	(1,202,000)	2,327,100
Graham	1,742,700	(783,400)	0	959,300	26.63	0	959,300
Greenlee	221,900	0	0	221,900	26.57	0	221,900
La Paz	834,900	0	0	834,900	39.50	0	834,900
Maricopa	149,681,800	0	0	149,681,800	42.47	0	149,681,800
Mohave	8,293,700	0	0	8,293,700	46.02	(536,200)	7,757,500
Navajo	6,026,000	0	(3,577,600)	2,448,400	22.79	0	2,448,400
Pima	46,087,200	0	0	46,087,200	49.49	(6,001,200)	40,086,000
Pinal	11,687,900	(425,800)	0	11,262,100	51.24	(1,801,200)	9,460,900
Santa Cruz	2,360,400	(10,600)	0	2,349,800	55.97	(542,500)	1,807,300
Yavapai	10,733,400	0	0	10,733,400	54.55	(2,263,400)	8,470,000
Yuma	<u>6,603,200</u>	<u>(230,800)</u>	<u>0</u>	<u>6,372,400</u>	<u>35.12</u>	<u>0</u>	<u>6,372,400</u>
Totals	\$264,797,500	\$(5,349,700)	\$(8,323,600)	\$251,124,200	\$43.05	\$(12,723,500)	\$238,400,700

State per-capita costs are estimated to be \$43.05 in FY 2007 and \$46.64 in FY 2008. The 7 counties qualifying for relief range in per-capita costs from \$45.94 in Cochise to \$65.28 in Gila for FY 2007. In FY 2008, these same 7 counties are predicted to be the recipients of relief under HB 2573.

3/16/06